

Fund 319

The Penny for Affordable Housing Fund

Focus

Fund 319, The Penny for Affordable Housing Fund, formerly known as the Housing Flexibility Fund, was established in FY 2006 and is designed to serve as a readily available source of funding for the preservation of affordable housing in the County. The Board of Supervisors has dedicated revenue commensurate with the value of one cent on the Real Estate Tax rate to the Preservation of Affordable Housing, a major County priority. Beginning in FY 2007, this funding will be recorded as Real Estate Tax revenue directly posted to the fund rather than as a transfer from the General Fund.

Between 1997 and 2004, the County lost 1,300 affordable units due to condo conversions and prepayments by owners of federally-subsidized apartment complexes. The rapid pace of converting affordable units and selling them as market-rate condominiums accelerated through 2005 due to the significant appreciation of property values in Fairfax County. Between 1980 and 2005, the assessed value of dwellings in Fairfax County rose more than 300 percent. Similarly, rents have been driven up by the significant and growing demand for housing in the County. In fact, the annual income needed to afford a two bedroom apartment at the fair market rate of \$1,259 per month was estimated to be \$50,360 in FY 2006. This is just over 50 percent of the Area Median Income, meaning that there are many wage earners for whom living in Fairfax County is a significant financial struggle. The Center for Regional Analysis at George Mason University estimates that there is an affordable housing deficit of 30,000 units currently, and this is projected to rise to 60,000 by 2020.

In light of these trends, the Board of Supervisors set a County goal to preserve 1,000 units of affordable housing, as well as to create 200 new affordable units, by the end of FY 2007. Given the cost of land and that the value of existing property in Fairfax County is at an all-time high, County funding and financing are critical to achieving these goals. Fund 319, The Penny for Affordable Housing Fund, represents the County's financial commitment to preserving and creating affordable housing opportunities by dedicating a portion of its revenue specifically for affordable and workforce housing. To maximize the effectiveness of these funds, the Board of Supervisors recommended a minimum leverage ratio of 3:1 with non-County funds and that units funded by Fund 319 remain affordable at a minimum for a period of time consistent with the County's Affordable Dwelling Unit Ordinance, which was amended to be 30 years effective February 2006. The Affordable Housing Preservation Action Committee also recommends that timely response to preservation opportunities is essential to maintain affordable housing in a market driven by rising demand and dwindling supply.

As of April 20, 2007, a total of 1,364 affordable units have been preserved for both homeownership and rental purposes in a variety of large and small projects. Of that number, 252 units are preserved as affordable housing for periods of five years or less, and 1,112 units are preserved for 20 years or longer. A variety of funding sources were used to preserve these units; however, Fund 319 funds were critical for the preservation efforts associated with four large multifamily complexes that were purchased by private nonprofits: Madison Ridge in Centreville (Sully District), Hollybrooke II and III in the Seven Corners area of Falls Church (Mason District), Sunset Park Apartments in Falls Church (Mason District), and Janna Lee Villages in the Hybla Valley area (Lee District). At Madison Ridge, 98 rental apartments have been preserved using Fund 319 for long-term affordability (40 years), while 108 condominiums will be sold to first-time homebuyers with controls to maintain affordability for at least the first two years and 10 additional condominiums were purchased by the FCRHA for rental to very low-income households. Similarly, Fund 319 funds were committed to preserve 98 affordable apartments at Hollybrooke II and 50 units at the Hollybrooke III condominium in the Seven Corners area of the County. An additional 90 units at the Sunset Park Apartments, located in Falls Church, were preserved using funds from Fund 319, and a total of 319 units were preserved at Janna Lee Village in the Hybla Valley area.

In FY 2008, expenditures are estimated at \$22,700,000, the current estimate for the value of one penny. Funding will be allocated to four projects: Affordable/Workforce Housing Projects, Crescent Apartments, Janna Lee Village I, and Janna Lee Village II.

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Board of Supervisors' Adjustments

The following funding adjustments reflect all changes to the FY 2008 Advertised Budget Plan, as approved by the Board of Supervisors on April 30, 2007:

- ◆ The Board of Supervisors made no adjustments to this fund.

Changes to FY 2007 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2007 Revised Budget Plan since passage of the FY 2007 Adopted Budget Plan. Included are all adjustments made as part of the FY 2006 Carryover Review and all other approved changes through December 31, 2006:

- ◆ **Carryover Adjustments** **\$2,865,921**
As part of the FY 2006 Carryover Review, the Board of Supervisors approved an increase of \$2,865,921 due to the carryover of unexpended project balances and encumbered carryover. FY 2007 revenues remained unchanged.

The following funding adjustments reflect all approved changes to the FY 2007 Revised Budget Plan from January 1, 2007 through April 23, 2007. Included are all adjustments made as part of the FY 2007 Third Quarter Review:

- ◆ The Board of Supervisors made no adjustments to this fund.

A Fund Statement, a Summary of Capital Projects, and Project Detail Tables for the capital projects funded in FY 2008 are provided on the following pages. The Summary of Capital Projects may include some projects without a Total Project Estimate amount. These projects are considered "continuing" projects or projects for which funding is necessary on an ongoing basis (e.g., a contingency or planning project). The Project Detail Tables include project location, description, sources of funding and completion schedules.

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FUND STATEMENT

Fund Type G30, Capital Project Funds

Fund 319, The Penny for Affordable Housing Fund

	FY 2006 Actual	FY 2007 Adopted Budget Plan	FY 2007 Revised Budget Plan	FY 2008 Advertised Budget Plan	FY 2008 Adopted Budget Plan
Beginning Balance	\$0	\$0	\$2,865,921	\$0	\$0
Revenue:					
Bond Proceeds	\$40,600,000	\$0	\$0	\$0	\$0
Real Estate Tax Revenue Associated with The Penny for Affordable Housing	0	21,900,000	21,900,000	22,700,000	22,700,000
Total Revenue	\$40,600,000	\$21,900,000	\$21,900,000	\$22,700,000	\$22,700,000
Transfer In:					
General Fund (001)	\$17,900,000	\$0	\$0	\$0	\$0
Total Transfers In	\$17,900,000	\$0	\$0	\$0	\$0
Total Available	\$58,500,000	\$21,900,000	\$24,765,921	\$22,700,000	\$22,700,000
Expenditures:					
Capital Projects	\$55,634,079	\$21,900,000	\$24,765,921	\$22,700,000	\$22,700,000
Total Expenditures	\$55,634,079	\$21,900,000	\$24,765,921	\$22,700,000	\$22,700,000
Total Disbursements	\$55,634,079	\$21,900,000	\$24,765,921	\$22,700,000	\$22,700,000
Ending Balance¹	\$2,865,921	\$0	\$0	\$0	\$0

¹ Capital projects are budgeted based on the total project costs. Many projects span multiple years, and therefore, funding for those projects are carried forward each fiscal year, and ending balances fluctuate, reflecting the carryover of these funds.

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FY 2008 Summary of Capital Projects

Fund: 319 The Penny for Affordable Housing Fund

Project #	Description	Total Project Estimate	FY 2006 Actual Expenditures	FY 2007 Revised Budget	FY 2008 Advertised Budget Plan	FY 2008 Adopted Budget Plan
014196	Affordable/Workforce Housing Projects		\$31,910.75	\$3,704,238.25	\$11,297,190	\$11,297,190
014198	Madison Ridge	2,500,000	2,500,000.00	0.00	0	0
014232	Hollybrooke II Apartments	3,350,000	3,350,000.00	0.00	0	0
014237	Yorkville Apartments	250,000	15,342.58	234,657.42	0	0
014239	Crescent Apartments	56,027,326	49,736,825.88	3,290,500.12	3,000,000	3,000,000
014240	Sunset Park Apartments	5,000,000	0.00	5,000,000.00	0	0
014250	Fairfield at Fair Chase	961,525	0.00	961,525.00	0	0
014252	Janna Lee Village I	13,000,000	0.00	6,783,000.00	6,217,000	6,217,000
014253	Janna Lee Village II	5,377,810	0.00	3,192,000.00	2,185,810	2,185,810
014258	Hollybrooke III Apartments	1,600,000	0.00	1,600,000.00	0	0
Total		\$88,066,661	\$55,634,079.21	\$24,765,920.79	\$22,700,000	\$22,700,000

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014196	Affordable/Workforce Housing Projects
Countywide	Countywide
Description and Justification: This project will provide funding for the preservation of affordable housing. This funding is supported by real estate revenue, or the approximate value of one penny from the County's Real Estate tax. Funding is provided to meet the Board of Supervisors' goal to preserve 1,000 units of affordable housing and create 200 new affordable units by the end of FY 2007. Between 1997 and 2004, the County lost 1,300 affordable units that have been converted into luxury condominiums or market-rate apartments.	

	Total Project Estimate	Prior Expenditures	FY 2006 Expenditures	FY 2007 Revised Budget Plan	FY 2008 Advertised Budget Plan	FY 2008 Adopted Budget Plan	Future Years
Land Acquisition		\$0	\$0	\$0	\$0	\$0	\$0
Design and Engineering		0	0	0	0	0	0
Construction		0	0	0	0	0	0
Other		0	31,911	3,704,238	11,297,190	11,297,190	0
Total	Continuing	\$0	\$31,911	\$3,704,238	\$11,297,190	\$11,297,190	\$0

Source of Funding				
General Funding	General Obligation Bonds	Transfers from Other Funds	Other	Total Funding
\$11,297,190	\$0	\$0	\$0	\$11,297,190

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014239	Crescent Apartments
Cameron Crescent Drive, Reston, VA.	Hunter Mill District
Description and Justification: This project provides FY 2008 funding of \$3,000,000 for the annual debt service for the Crescent Apartment complex that was acquired in FY 2006.	

	Total Project Estimate	Prior Expenditures	FY 2006 Expenditures	FY 2007 Revised Budget Plan	FY 2008 Advertised Budget Plan	FY 2008 Adopted Budget Plan	Future Years
Land Acquisition	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Design and Engineering	0	0	0	0	0	0	0
Construction	0	0	0	0	0	0	0
Other	56,027,326	0	49,736,826	3,290,500	3,000,000	3,000,000	0
Total	\$56,027,326	\$0	\$49,736,826	\$3,290,500	\$3,000,000	\$3,000,000	\$0

Source of Funding				
General Funding	General Obligation Bonds	Transfers from Other Funds	Other	Total Funding
\$3,000,000	\$0	\$0	\$0	\$3,000,000

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014252	Janna Lee Village Phase I
Janna Lee Avenue, Alexandria, VA	Lee District
Description and Justification: This project will provide FY 2008 funding of \$6,217,000 to partially finance the acquisition, rehabilitation, revitalization and preservation of Janna Lee Village, a 319 unit affordable rental complex located in the Hybla Valley area. Ownership of the project will be divided between two limited partnerships, JLV Partners I and JLV Partners II.	

	Total Project Estimate	Prior Expenditures	FY 2006 Expenditures	FY 2007 Revised Budget Plan	FY 2008 Advertised Budget Plan	FY 2008 Adopted Budget Plan	Future Years
Land Acquisition	\$13,000,000	\$0	\$0	\$6,783,000	\$6,217,000	\$6,217,000	\$0
Design and Engineering	0	0	0	0	0	0	0
Construction	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
Total	\$13,000,000	\$0	\$0	\$6,783,000	\$6,217,000	\$6,217,000	\$0

Source of Funding				
General Funding	General Obligation Bonds	Transfers from Other Funds	Other	Total Funding
\$6,217,000	\$0	\$0	\$0	\$6,217,000

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014253	Janna Lee Village Phase II
Janna Lee Avenue, Alexandria, VA	Lee District
Description and Justification: This project will provide FY 2008 funding of \$2,185,810 to partially finance the acquisition, rehabilitation, revitalization and preservation of Janna Lee Village, a 319 unit affordable rental complex located in the Hybla Valley area. Ownership of the project will be divided between two limited partnerships, JLV Partners I and JLV Partners II.	

	Total Project Estimate	Prior Expenditures	FY 2006 Expenditures	FY 2007 Revised Budget Plan	FY 2008 Advertised Budget Plan	FY 2008 Adopted Budget Plan	Future Years
Land Acquisition	\$3,192,000	\$0	\$0	\$3,192,000	\$0	\$0	\$0
Design and Engineering	0	0	0	0	0	0	0
Construction	0	0	0	0	0	0	0
Other	2,185,810	0	0	0	2,185,810	2,185,810	0
Total	\$5,377,810	\$0	\$0	\$3,192,000	\$2,185,810	\$2,185,810	\$0

Source of Funding				
General Funding	General Obligation Bonds	Transfers from Other Funds	Other	Total Funding
\$2,185,810	\$0	\$0	\$0	\$2,185,810